

T AX INFORMATION BULLETIN

Volume Ten, No.9

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This is an Inland Revenue service to people with an interest in New Zealand taxation.

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Legislation and determinations

This section of the TIB covers items such as recent tax legislation, accrual and depreciation determinations, livestock values and changes in FBT and GST interest rates.

Stamp duty special arrangement – documents that don't need stamping by Inland Revenue

Introduction

The Commissioner of Inland Revenue has the authority to grant a Special Arrangement, which allows certain documents to be registered without a stamping impression being placed on them. This currently applies to transactions that are residential property under 4500m², and also bare land under 4500m² which is going to have a residential property built on it.

A Special Arrangement applies to classes of instruments, which the Commissioner has declared as exempt under section 70(2) of the Stamp and Cheque Duties Act 1971.

Legislation

Section 70 of the Stamp and Cheque Duties Act 1971 provides:

(1) (Ineligible) No person required or empowered to register or record any instrument on which stamp duty is payable, or any transaction evidenced by such an instrument, shall register or record the instrument or transaction unless the instrument has been stamped in accordance with this Act.

(2) (Special Arrangement) Notwithstanding anything in subsection (1) of this section, the Commissioner may from time to time, by special arrangement with any person exempt that person or any class of persons from compliance with subsection (1) of this section. Every exemption given by the Commissioner shall be in writing, and may be absolute or conditional or limited to specific classes of instruments or transactions.

Application

This Special Arrangement applies to the classes of instruments listed below, that are executed on or after 1 August 1998 until such time as the Commissioner varies or revokes this Special Arrangement.

The expressions used in this Special Arrangement have the same meaning as in the Stamp and Cheques Duties Act 1971 (unless the context otherwise requires).

This Special Arrangement is not intended to replace or alter in any way the Special Arrangement in the Taxation Reform Bill (No.3), which was passed on 17 March 1988.

Special Arrangement

District Land Registrars and Assistant Land Registrars, or any persons holding those offices, are exempt from compliance with section 70(1) of the Stamp and Cheque Duties Act 1971, when the following instruments are presented for registration:

- transfer granting an easement
- transfer pursuant to sections 15 and 21 of the Matrimonial Property Act 1976
- transfer containing a land covenant where the same party is both transferor and transferee
- transfer pursuant to a will
- transfer of undivided shares in residential land that exceeds 4500m² – in this situation use the section 24 certification and clearly state that it is a partial interest being transferred
- transfer from joint tenancy to tenants in common – this exemption applies only to joint tenants transferring land to themselves as tenants in common
- transfer granting of a forestry right in terms of the Forestry Rights Registration Act 1983
- transfer of mortgage
- transfers of deferred payment licences under the Land Act 1948
- transfer where the original agreement has been stamped – in such cases a certification is required to be placed on the transfer. The certification must be signed by a solicitor and include the following information;
 - date agreement stamped
 - amount of stamp duty paid
 - certified by solicitor for transferee/transferee (delete inapplicable alternative)

This special arrangement is made by me acting under delegated authority from the Commissioner of Inland Revenue under section 7 of the Tax Administration Act 1994.

This Special Arrangement is signed on 6 July 1998.

Tony Bouzaid
National Manager Operations Policy

Hi-trim shelter trimmers

Depreciation determination DEP40

In Tax Information Bulletin Volume Ten, No.6 (June 1998), at page 7, we published a draft general depreciation determination for hi-trim shelter trimmers. These trimmers are attached to tractors and used in the agricultural and horticultural industry for trimming and topping shelter belts.

Only one submission was received on the draft. It suggested that the trimmer and the tractor to which it is attached be treated as one asset, and depreciated at the rate proposed in the draft determination. We considered this point when preparing the draft determination. Advice received by the Commissioner was that the trimmers are attached to the tractors, using a sub-frame

designed to protect the tractor from damage while in use. For depreciation purposes, the sub-frame should be regarded as part of the trimmer, but the tractor is a separate asset to be depreciated using the appropriate depreciation rate for tractors.

The Commissioner has now issued the general depreciation determination, which is reproduced below. It may be cited as “Determination DEP40: Tax Depreciation Rates General Determination Number 40”. The determination is based on the estimated useful life (EUL) of 10 years as set out in the determination and a residual value of 13.5%.

General Depreciation Determination DEP40

This determination may be cited as “Determination DEP40: Tax Depreciation Rates General Determination Number 40”.

1. Application

This determination applies to taxpayers who own the asset classes listed below.

This determination applies to “depreciable property” other than “excluded depreciable property” for the 1997/98 and subsequent income years.

2. Determination

Pursuant to section EG 4 of the Income Tax Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by:

- Inserting into the “Agriculture, Horticulture and Aquaculture” industry category the general asset class, estimated useful life, and diminishing value and straight-line depreciation rates listed below:

Agriculture, Horticulture and Aquaculture	Estimated useful life (years)	DV banded dep'n rate (%)	SL equivalent banded dep'n rate (%)
Hi-trim shelter trimmer (including sub-frame)	10	18	12.5

3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 1994.

This determination is signed by me on the 20th day of August 1998.

Martin Smith
General Manager (Adjudication & Rulings)

Fringe benefit tax - prescribed interest rate decreased to 10.13%

The prescribed rate of interest used to calculate the fringe benefit value of low interest employment-related loans has been decreased to 10.13% for the quarter beginning on 1 July 1998. This rate will continue to apply to subsequent quarters until any further adjustment is made.

The prescribed rate, down from 11.23%, is a reflection of the recent fall in market rates.

Electricity revenue and data logging terminals

Depreciation Determination DEP41

In TIB Volume Ten, No.7 (July 1998) we published a draft general depreciation determination for electricity revenue and data logging terminals. These terminals are installed in businesses and homes to record the amount of electricity used and the times of usage. This information is stored by the meter and downloaded, via modem, from time to time, to give the electricity provider information that allows customers to be billed, network capacities to be designed, and charge-out rates for the electricity to be fixed. Customers are also able to access

the information so that they may consider how best to take advantage of off-peak rates etc.

No submissions were received on this draft and the Commissioner has now issued the determination. It is reproduced below and may be cited as "Determination DEP41: Tax Depreciation Rates Determination General Determination No.41". The determination is based on the estimated useful lives set out in the determination and a residual value of 13.5%.

General Depreciation Determination DEP41

This determination may be cited as "Determination DEP41: Tax Depreciation Rates General Determination Number 41".

1. Application

This determination applies to taxpayers who own the asset classes listed below.

This determination applies to "depreciable property" other than "excluded depreciable property" for the 1997/98 and subsequent income years.

2. Determination

Pursuant to section EG 4 of the Income Tax Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by:

- Inserting into the "Power Generation and Electrical Reticulation Systems" industry category the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

Power Generation and Electrical Reticulation Systems	Estimated useful life (years)	DV banded dep'n rate (%)	SL equivalent banded dep'n rate (%)
Electricity Revenue and Data Logging Terminal	8	22	15.5
Electricity Revenue and Data Logging Terminal (when leased)	4	40	30

3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 1994.

This determination is signed by me on the 2nd day of September 1998.

Martin Smith
General Manager (Adjudication & Rulings)

Norway/New Zealand double tax agreement amended

The double tax agreement (DTA) between New Zealand and Norway has been amended to change the manner by which Norway will eliminate double taxation.

Paragraph (c) of the Protocol to the DTA allowed an amendment to paragraph 2 of Article 24 of the DTA, which is the manner by which Norway will eliminate double taxation. The Protocol sets out revised wording for paragraph 2 of Article 24 that provides for Norway to eliminate double taxation by tax credit instead of

exemption. The amendment comes into force 30 days after New Zealand confirms receipt of Norway's notice and has effect for the next income year.

Norway gave notice under paragraph (c) of the Protocol on 30 April 1998. New Zealand gave the requisite confirmation on 16 June. Consequently, the amendment entered into force on 16 July 1998 and will have effect from next income year. Because the amendment affects

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the manner by which Norway eliminates double taxation, it will have little or no effect on New Zealand residents.

As noted above, paragraph (c) of the Protocol contains the revised paragraph 2 of Article 24, which states:

2. In the case of Norway double taxation shall be avoided as follows:

Where a resident of Norway derives income or owns capital which in accordance with the provisions of this Convention may be taxed in New Zealand, Norway shall allow as a deduction from the income tax or capital tax of that person an amount equal to the tax paid in New Zealand. Such deduction shall not, however, exceed that part of the Norwegian tax, as computed before the deduction is given, which is appropriate to the income derived from or capital owned in New Zealand.

Bird netting

Depreciation Determination DEP42

In TIB Volume Ten, No.7 (July 1998), at page 7, we published a draft general depreciation determination for bird netting used by winegrowers to protect ripening grapes from birds. The netting is removed when the grapes are picked. It is subject to tearing from snagging on the vine as it is put up or taken in, and also deteriorates in sunlight. At the end of each season, netting is patched and repaired before being stored out of the sunlight until the next season's use.

No submissions were received on the draft and the Commissioner has now issued the determination. It is reproduced below and may be cited as "Determination DEP42: Tax Depreciation Rates General Determination No.42". The determination is based on the estimated useful lives set out in the determination and a residual value of 13.5%.

General Depreciation Determination DEP42

This determination may be cited as "Determination DEP42: Tax Depreciation Rates General Determination Number 42".

1. Application

This determination applies to taxpayers who own the asset classes listed below.

This determination applies to "depreciable property" other than "excluded depreciable property" for the 1997/98 and subsequent income years.

2. Determination

Pursuant to section EG 4 of the Income Tax Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by:

- Inserting into the "Brewing, Winemaking and Distilling" industry category the general asset class, estimated useful life, and diminishing value and straight-line depreciation rates listed below:

	Estimated useful life (years)	DV banded dep'n rate (%)	SL equivalent banded dep'n rate (%)
Brewing, Winemaking and Distilling			
Bird netting	5	33	24

3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 1994.

This determination is signed by me on the 2nd day of September 1998.

Martin Smith
General Manager (Adjudication & Rulings)

Interpretation statements

This section of the TIB contains interpretation statements issued by the Commissioner of Inland Revenue. These statements set out the Commissioner's view on how the law applies to a particular set of circumstances when it is either not possible or not appropriate to issue a binding public ruling.

In most cases Inland Revenue will assess taxpayers in line with the following interpretation statements. However, our statutory duty is to make correct assessments, so we may not necessarily assess taxpayers on the basis of earlier advice if at the time of the assessment we consider that the earlier advice is not consistent with the law.

Amateur sports promoter exemption – application to non-residents

Summary

This interpretation statement sets out the Commissioner's interpretation of whether a non-resident can qualify for the amateur sports promoter exemption from income tax provided by section CB 4(1)(h) of the Income Tax Act 1994.

The item concludes that a non-resident is **not** excluded from qualifying for the exemption solely by reason of being non-resident.

This item does not comment on the particular requirements in section CB 4(1)(h) for qualification for the exemption available to sports promoters. Only the question of whether a society or association which otherwise meets the requirements of being an amateur sports promoter is prevented from qualifying for the exemption because it is non-resident, is addressed.

All legislative references in this item are to the Income Tax Act 1994 unless otherwise stated.

Legislation

Section CB 4 provides an exemption from income tax for the income of certain non-profit bodies and charities. Section CB 4(1)(h) applies to income derived by amateur sports promoters and states that, to the extent that in the absence of the section the following amounts would be gross income, they are exempt income. It states:

Any amount derived by any society or association, whether incorporated or not, which is, in the opinion of the Commissioner, established substantially or primarily for the purpose of promoting any amateur game or sport if that game or sport is conducted for the recreation or entertainment of the general public, and if no part of the funds of the society or association is used or available to be used for the private pecuniary profit of any proprietor, member, or shareholder of that society or association:

Application of the legislation

Nothing in the strict wording of the provision itself, or in other sections of the Act, specifically limits the availability of the exemption in section CB 4(1)(h) to resident taxpayers. However, it is also necessary to ascertain whether such a limitation is to be inferred from statutory construction and/or the relevant case law. These two aspects are discussed below.

Statutory construction

Under section AA 2, a person who is resident in New Zealand or who has income from New Zealand is subject to the Income Tax Act. Accordingly, a non-resident deriving income from New Zealand is subject to New Zealand income tax unless otherwise exempted. Furthermore, a non-resident deriving New Zealand sourced income is also subject to the general application of provisions of the Income Tax Act unless the Act provides otherwise.

Examples of provisions which apply to specifically exempt certain New Zealand sourced income derived by non-residents include:

- Section CB 2(1)(a) - income derived by non-resident entertainers.
- Section CB 2(1)(b) - interest on certain government borrowings from a non-resident.
- Section CB 2(1)(c) - personal services income derived by non-residents visiting New Zealand for not more than 92 days.
- Section CB 2(1)(d) - income of visiting experts or students in New Zealand under government assistance arrangements.

On the other hand, the Act contains other exempt income provisions providing exemptions for certain interest income (sections CB 1(1)(a) and (c)), but which specifically exclude absentees from their application. An "absentee" for the purpose of these provisions is a person who is non-resident throughout the income year. It is possible to infer from this that if it were not for these specific exclusions provided in the legislation (in sections CB 1(1)(a) and (c)), a non-resident in receipt of such New Zealand sourced interest income would be entitled to claim these interest exemptions.

Section CB 4(1)(h) requires that the game or sport being promoted "is conducted for the recreation or entertainment of the general public". This condition does not impose any requirement that the promoter itself must be resident in New Zealand, but applies whether the promoter seeking to obtain the benefit of the exemption is resident or not.

The Australian Tax Office has issued a taxation ruling (TR 97/22) on the application of the income tax exemption available to sporting organisations under

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paragraph (c) of item 9.1 of the table in section 50-45 of the Income Tax Assessment Act 1997 (formerly contained in subparagraph 23(g)(iii) of the Income Tax Assessment Act 1936). However, that ruling does not address the issue considered in this interpretation statement.

Summary: The statutory construction of the Act does not establish clearly whether the exemption provisions of section CB 4(1)(h) apply to non-residents. However, to the extent that the section's application can be inferred from the above analysis, statutory construction points to non-residents not being prevented from obtaining the exemption. It indicates that if a non-resident derives New Zealand sourced income which otherwise meets the criteria laid down for an exemption, the non-resident will not be excluded from the application of the exemption by reason only of being a non-resident, unless a specific exclusion for non-residents exists.

Case law

There are no reported cases on section CB 4(1)(h) and the question of its application to non-residents, or on similar residence questions relating to the application of other subsections of section CB 4(1) which exempt the income of specific societies or institutions (section CB 4(1)(b), (f), (g), (j), and (k)).

However, the issue was considered directly by the High Court of Australia in *University of Birmingham v Commissioner of Taxation* and *Epsom College v Commissioner of Taxation* (1938) 1 AITR 383, a case concerning section 23(e) of Australia's Income Tax Assessment Act 1936. Section 23(e) was a provision exempting the income of charitable institutions and was similar to section CB 4(1)(c) of New Zealand's Income Tax Act 1994. The facts were that the university and the college were both institutions established in Britain and carrying on no activities in Australia. However, they both derived income in Australia. Section 23(e) of the Income Tax Assessment Act 1936 provided:

The following income shall be exempt from income tax –

...

(e) the income of a religious, scientific, charitable or public educational institution

The Court found that there was no reason to restrict the availability of the exemption to institutions based in Australia. This quote from Dixon J (with references to sections of Australia's Income Tax Assessment Act 1936 given their NZ Income Tax Act 1994 equivalents in square brackets):

By section 17 [section BB 1] income tax is imposed upon the taxable income of any person whether a resident or a non-resident. Taxable income means the amount remaining after deducting from the assessable income all allowable deductions (s.6). Section 25(1) [section BB 3] provides that the assessable income of a taxpayer shall include:- (a) where the taxpayer is a resident - the gross income derived directly or indirectly from all resources whether in or out of Australia; and (b) where the taxpayer is a non-resident - gross income derived directly or

indirectly from all sources in Australia which is not exempt income.

The territorial basis of taxation is clearly shown by these provisions, ... The liability is in respect of all income, in the case of a resident, which is not exempt income and, in the case of a non-resident, of all Australian income which is not exempt income. ... The scope of the exemptions might well be expected to be commensurate with the application of the provisions imposing liability. ... An examination of the various paragraphs of the Income Tax Assessment Act 1936, which deal with many exemptions, shows that in some an express limitation is included based on territorial grounds. In section 78(1)(a) [section KC 5], which allows a deduction [rebate] to taxpayers in respect of gifts made to institutions of a specified charitable nature, there is an express qualification confining it to institutions in Australia. In view of these matters I think that to imply in section 23(e) [section CB 4(1)(c)] a restriction which has not been expressed would be to amend and not to interpret the language of the enactment.

Although the decision in *University of Birmingham* and *Epsom College* is not from the New Zealand jurisdiction, and the statutory provision to which it relates (section 23(e) of Australia's Income Tax Assessment Act 1936) is different from section CB 4(1)(h), the decision can be treated as relevant and authoritative because:

- Section 23(e) is, like section CB 4(1)(h), a provision establishing a category of exempt income.
- Section 23(e) is, like section CB 4(1)(h), a provision relating to institutions, and those institutions are capable of being either residents or non-residents.
- The same statutory scheme which influenced the Court in reaching its decision is present in the New Zealand statute, i.e. a scheme which imposes liability on income derived within the relevant jurisdiction by non-residents.
- Other sections and subsections in subpart CB of the Income Tax Act 1994, like other paragraphs in section 23 of the Australian statute, impose territorial limitations on aspects of other exemptions, for example:
 - CB 2(1)(c) - Income from personal services by visiting non-residents;
 - CB 2(1)(d) - Income from expert advice, etc., by visiting non-resident;
 - CB 4(1)(e) - Charitable purposes limited to those within New Zealand;
 - CB 4(1)(f) - Promotion of veterinary services within New Zealand only;
 - CB 4(1)(g) - Promotion of the standard of dairy cattle within New Zealand only;
 - CB 8(1)(b) - "Niue dividends" derived by a non-resident;
 - CB 9(f) - Life policies entered into within or outside New Zealand treated differently.
- Section KC 5(1) of the New Zealand statute, like the then section 78(1)(a) of the Australian statute, limits relief for "charitable donations" to donations to institutions within the jurisdiction.

Further case law in support of the view that non-residents are not excluded from the exemption in section CB 4(1)(h), is the decision of the New Zealand Court of Appeal in *CIR v Alcan New Zealand Limited* [1994] 3 NZLR 439. In that case the Commissioner had contended that the taxpayer and Alcan Australia Ltd were not within a group of companies for the purposes of section 191(3) of the Income Tax Act 1976. His grounds were that Alcan Australia was not a New Zealand taxpayer in the sense that it had assessable income or losses in New Zealand or been engaged in a business activity which produced assessable income or losses in New Zealand. The Court held that it was not implicit in section 191(3) that each of the companies in the group was to be a New Zealand taxpayer. The following comments from the judgment of the Court delivered by McKay J, are relevant:

None of the arguments advanced provide sufficient basis for departing from the plain meaning of the words of the section. It is not necessary to read into those words some implied limitation. To do so would require speculation as to the legislative intent, as is illustrated by the changing stance adopted by the Commissioner as to the qualification for which he has contended. ... In our view there is no justification for reading any of these qualifications into the definition. The words are plain, and should be given their plain meaning.

A UK charity case that provides additional support for this position is *Camille and Henry Dreyfus Foundation Inc. v IR Commrs* [1954] 2 All ER 466. In one of the judgments in this case, Jenkins LJ commented (at page 483):

I agree that the general principle deducible from (for example) *Colquhoun v Heddon* (1890), 25 QBD 129; 2 Tax Cas. 621,

cannot of itself provide any sufficient ground for limiting the exemption afforded by s.37 in the way contended for by the Crown. Where an Act of the United Kingdom Parliament imposes a tax on income arising in the United Kingdom, makes the tax equally exigible whether the person entitled to the income is British or foreign, resident or non-resident, and affords an exemption from the tax to persons fulfilling specified conditions which do not expressly include citizenship of or residence in the United Kingdom, **there can, in my view, be no justification for the implied exclusion from the benefit of the exemption of a foreign non-resident** who has suffered, or apart from the exemption would suffer, the tax, and **who satisfies all the express requirements of the exempting provision, merely on the grounds that he is a non-resident foreigner.** [Emphasis added]

Summary: The decision in the *University of Birmingham* and *Epsom College* case and comments in the *Alcan* and *Dreyfus Foundation* cases support the view that, unless specifically excluded, the income exemption provisions in subpart CB will apply to non-residents.

Conclusion

Non-residents are not excluded from the application of the amateur sports promoter income exemption in section CB 4(1)(h) by virtue of their status as non-residents. Accordingly, provided a non-resident satisfies the other particular requirements in section CB 4(1)(h), that person will qualify for the exemption.

Inland Revenue plans to issue a draft interpretation statement on the general application of the section CB 4(1)(h) amateur sports promoter exemption in the New Zealand context at a future date.

General interest items

Inland Revenue Technical Rulings – now limited to historic value

As part of Inland Revenue's desire to improve technical quality, and to provide the best tools to assist staff in this quest, the Department has reviewed the role of Technical Rulings Manuals ("Technical Rulings").

Inland Revenue Technical Rulings have operated for many years and were designed to assist IRD staff who work in the technical areas. Official versions have been released upon request under the Official Information Act.

The review confirmed what had been recognised for some years. With the introduction of various external publications and electronic software packages, departmental officers were reliant less on Technical Rulings. With the external literature being up to date, and the authors of those using Inland Revenue publications e.g. commentary on the legislation at the time of the enactment, the need to keep revising the chapters had not been treated as a priority. As a result, many of the Technical Rulings chapters had not been updated since 1992 and had become inaccurate. The review showed that when updating of chapters had occurred, in many respects, it had become a replica of the external publications, which had included commentary from the publications issued by IRD. This duplication resulted in the unwise use of resources. The exception to the updating programme has been the chapter on Charities and Donee Organisations where the list has been regularly updated.

For many years now the Department has been publishing Tax Information Bulletins. They target people with an

interest in taxation, including IRD staff. The bulletins include: legislative comments, determinations, binding rulings, interpretation statements, standard practice statements, questions IRD has been asked, legal decisions and items of general interest.

Given the above, the decision has been made by IRD to formally and totally discontinue the updating of what was known as Technical Rulings.

This raises the issue as to the status of Technical Rulings. Technical Rulings were written for the benefit of Inland Revenue staff and were not subjected to the degree of analysis and consultation prior to issue that occurs with current tax publications. Further Technical Rulings have not been updated in many areas so can best be described as historical guidelines for staff.

Inland Revenue staff, in examining technical issues, will apply the principles of statutory interpretation. Technical Rulings may, in some instances, be useful as background material, but the contents should **not** be relied upon as representing Inland Revenue's present views or practice on any of the issues covered in Technical Rulings.

Inland Revenue will continue to update the donee list. This list can be obtained electronically or in hard copy by contacting the TRACE Data Co-ordinator at National Office, PO Box 2198, Wellington.

Tony Bouzaid
National Manager, Operations Policy
2 September 1998

Tax Education Office – end of one era; start of another

The Tax Education Office (TEO) has been an important resource to tax professionals throughout New Zealand.

Recently the TEO has changed from a state-subsidised organisation to a privately owned entity. TEO services will now be provided by CPD Tax Education Ltd of Lower Hutt

Background

The Government established the TEO in 1988 as a training and education resource. Its purpose was to assist tax professionals and businesses understand changes in the tax system quickly and to raise issues to do with implementation of new tax legislation and policy.

Many readers will be familiar with the TEO newsletters and annual seminar series.

The TEO was a significant resource to the tax profession during the tax reforms of the late 80s and it continued to provide high quality training to tax professionals, and feedback to Inland Revenue, through the 90s.

Changing times

More recently with the introduction of simpler tax systems and the proliferation of training and education resources, the Government decided that state funding of such a service was no longer necessary and so funding of the TEO was withdrawn.

However, there was interest from a number of organisations in carrying on similar services so the Government decided to sell the assets of the TEO in a fair, contestable, and transparent way. Inland Revenue was given the task of managing the sale.

The new TEO

The sale is now complete and the new owner of the TEO is CPD Tax Education Ltd. The parent company, CPD Training is an established provider of training for the accountant profession throughout New Zealand. The owner/director, Frank Owen, has an extensive background in tax from both a corporate and small business perspective.

CPD Tax Education have come up with a number ideas for continuing and extending the services offered by the TEO. The new owner will soon be meeting the relevant senior managers in Inland Revenue to plan cooperation for mutual benefit and for the benefit of New Zealand tax professionals.

Inland Revenue, on behalf of the Crown, will be writing to former customers of the TEO to tell them about the change and enable them to be involved with the new TEO. Otherwise, CPD Tax Education can be contacted as follows:

Freepost 114371

PO Box 31 548

LOWER HUTT

119 Queens Drive

LOWER HUTT

Telephone [Temporary] (04) 566 8818

Fax [Temporary] (04) 566 8807

Questions we've been asked

This section of the TIB sets out the answers to some day-to-day questions that people have asked. We have published these as they may be of general interest to readers.

These items are based on letters we've received. A general similarity to items in this package will not necessarily lead to the same tax result. Each case will depend on its own facts.

Library books and periodicals – clarification of depreciation determination DEP32

Section EG 4, Income Tax Act 1994 - Basic economic depreciation rate

A taxpayer has asked for clarification of depreciation determination DEP32, published in Tax Information Bulletin Volume Ten, No.3 (March 1998) at page 3. She has asked for the correct depreciation rate applying to those publications that provide an updating service **and** an annual consolidated version of the publication at the end of each year. An example is an annual tax cases service, where a bound volume is provided free of charge at the end of the year.

Under section BD 2(1), taxpayers are allowed a deduction for expenditure incurred in deriving their gross income. That includes expenditure on newspapers, journals, periodical and books relevant to their business. Subscriptions for newspapers, journals, etc, are generally treated as an expense item, and a full deduction is claimed in the year the expenditure is incurred. However, books are generally depreciated over their useful life. Determination DEP32: Tax Depreciation Rates General Determination Number 32 sets out the depreciation rates to be used for library books and periodicals.

The commentary on that determination distinguishes between books provided as part of a subscription to an updating service, and those books for which a charge is made in addition to the subscription fee. To clarify the correct position on this issue:

- If the annual consolidated version is provided as part of the subscription fee, the full subscription fee may be written off in the year of purchase.
- If the subscription fee provides only the updating service, and the annual consolidated version must be purchased separately, or if additional copies of the annual consolidated version are purchased (or only the annual consolidated version is required), the annual consolidated version should be treated as “other books”, with an estimated useful life of 10 years.

Taxpayers should also be aware of the provisions of section EG 16, which allow a full deduction for assets costing \$200 or less. In these cases DEP32 cannot require those assets to be depreciated.

Prints and original paintings – depreciation

Section OB 1, Income Tax Act 1994 – Definition of “depreciable property”

A taxpayer has bought an original oil painting and a print to hang in her café. She wants to know whether she can depreciate the items.

Under section OB 1, “depreciable property” in relation to any taxpayer, means any property of that taxpayer which might reasonably be expected in normal circumstances to decline in value while used or available for use in deriving gross income or in carrying on a business for that purpose.

“Prints” qualify as depreciable property, and are listed under the “Hotels, motels, restaurants, cafes, taverns and takeaway bars” industry category on pages 34 and 35 of Inland Revenue’s 1994 depreciation guide (IR 260). They are depreciated at 18% DV or 12.5% SL (based on a 10-year estimated useful life), and provided they are used in the derivation of gross income or in the carrying on of a business for the purpose of deriving gross income, the taxpayer is entitled to depreciate them.

An original painting is not considered to meet the test of being reasonably expected, in normal circumstances, to decline in value. Accordingly, under the section OB 1 definition it would not be depreciable property, even if the taxpayer is deriving gross income or in the business of deriving gross income.

However, in limited circumstances the taxpayer may be able to depreciate an original oil painting, i.e. if it can be shown that the circumstances are such that a particular painting can reasonably be expected to decline in value. The test of whether a particular painting is likely to decline in value will always be question of fact, but clearly a painting by an unknown artist bought in a

garage sale might be contrasted with a painting by a famous artist (such as Monet). In most instances, it should be clear whether or not a particular item is likely to decline in value. This must however be objectively correct. If it is not clear, a valuation opinion may be sought to independently and objectively satisfy the test of whether an item is depreciable property or not under section OB 1.

Inland Revenue is in the process of preparing two more depreciation categories covering:

- prints in offices and similar business premises
- original paintings when the works are reasonably expected to decline in value.

At this time we expect that these categories are likely to have the same depreciation rate as the category for prints listed under the “Hotels, motels, restaurants, cafes, taverns and takeaway bars” industry category discussed above.

Note that a taxpayer may be able to apply for a specific depreciation determination for depreciable property (other than fixed life intangible or excluded depreciable property) under section EG 4 or section EG 10, if the asset is reasonably expected to decline in value and there is no published depreciation rate, or such a rate is considered inappropriate for the asset in question.

In this particular case, the café owner can depreciate the print at the rate of 18% DV or 12.5% SL. The original painting can be depreciated only if it can be established that it is reasonably expected to decline in value.

Legal decisions - case notes

This section of the TIB sets out brief notes of recent tax decisions made by the Taxation Review Authority, the High Court, the Court of Appeal and the Privy Council.

We've given full references to each case, including the citation details where it has already been reported. Details of the relevant Act and section will help you to quickly identify the legislation at issue. Short case summaries and keywords deliver the bare essentials for busy readers. The notes also outline the principal facts and grounds for the decision. Where possible, we have indicated if an appeal will be forthcoming.

These case reviews do not set out Inland Revenue policy, nor do they represent our attitude to the decision. These are purely brief factual reviews of decisions for the general interest of our readers.

Assets acquired at no cost – GST input deduction

Elizabeth Zele Wilke v CIR

Decision date: 14 August 1998

Act: Goods and Services Tax Act 1985

Keywords: Input tax credits disallowed

Facts

144 hectares of land had been leased to a farming partnership, which consisted of Elizabeth Wilke and her late husband. Elizabeth Wilke then inherited the land from her late husband when he passed away in 1995.

Mrs Wilke applied this land to her own farming activity and claimed an input tax credit for the open market value of the land she inherited.

The Commissioner disallowed the claim for an input tax credit on the basis that the cost of the land to Mrs Wilke was “nil”.

The Commissioner intended to obtain a ruling on the same point by way of appeal against the judgment of the taxation Review Authority in *Case S66* (1996) 17 NZTC 7,412. Through an administrative oversight the appeal did not proceed. This case was intended to test the result in *Case S66*.

Decision

Justice Panckhurst disagreed with Barber J in *Case S66*. Panckhurst J found that when goods have been acquired at no cost and are subsequently applied to making taxable supplies, no input tax deduction should be allowed.

His Honour held that section 21(5) must be read against the background of section 20 (‘the parent section’). His Honour also agreed that with the Commissioner that the words “the lesser of” in section 21(5) are of particular significance and that their meaning is plain.

Crown business taken over – deductibility of accrued staff leave liabilities

New Zealand Forest Research Institute Ltd v CIR

The Horticulture and Food Research Institute of New Zealand Ltd v CIR

Decision date: 3 September 1998

Act: Income Tax Act 1976

Keywords: Capital expenditure or revenue expenditure

Facts

The issues to be resolved in both cases were substantially the same. New Zealand Forest Research Institute Ltd (“NZFRI”) was the representative Objector.

On 1 July 1992 NZFRI acquired certain Crown assets and the Crown’s business related to forest research. Under the transfer agreement NZFRI assumed certain liabilities from the Crown, effective from the transfer date. Those liabilities included ones related to the business or activity carried on by the Ministry of Forestry before the transfer date or to the transfer or employment of any employee of the Ministry, or on the terms on which any employee was previously employed.

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The Crown was obliged to adjust the purchase price for the assets transferred to NZFRI by an amount determined having regard to “accrued staff liabilities”. These liabilities included different types of leave pay which employees of the Crown had become entitled to before the business and assets were transferred to NZFRI.

Under the Crown Research Institutes Act 1992 NZFRI recognised transferring employees as being entitled to certain paid leave with effect from 1 July 1992 and paid \$836,978 in the succeeding year to employees.

The Commissioner disallowed the deduction on the basis that it was a capital item and non deductible.

Decision

The Court found that the deductions claimed in respect of payments of accrued leave to employees who transferred to the objectors on the transfer of assets and liabilities from the Crown on 30 June 1992 represent capital expenditure and therefore cannot be deductible for tax purposes.

Booklets available from Inland Revenue

This list shows all of Inland Revenue's information booklets as at the date of this Tax Information Bulletin. There is also a brief explanation of what each booklet is about.

Some booklets could fall into more than one category, so you may wish to skim through the entire list and pick out the booklets that you need. To order any of these booklets, call the forms and stationery number listed under "Inland Revenue" in the blue pages at the front of your phone book. This is an automated service, and you'll need to have your IRD number handy when you call.

We publish this list in the TIB every March, June, September and December. Updates are available at other times from our website at <http://www.ird.govt.nz>. You can also download many of these booklets from our website.

General information

Binding rulings (IR 115G) - Mar 1998: Explains binding rulings, which commit Inland Revenue to a particular interpretation of the tax law once given.

Cash assistance for your growing family (FS 4) - Mar 1997: Information about Family Assistance and how to apply.

Disputing a notice of proposed adjustment (IR 210K) - Oct 1996: If we send you a notice to tell you we're going to adjust your tax liability, you can dispute the notice. This booklet explains the process you need to follow.

Disputing an assessment (IR 210J) - Oct 1996: Explains the process to follow if you want to dispute our assessment of your tax liability, or some other determination.

Gift duty (IR 654) - Jun 1998: Explains the duty payable on gifts.

How to tell if you need a special tax code (IR 23G): Information about getting a special "flat rate" of tax deducted from your income, if the regular deduction rates don't suit your particular circumstances.

If you disagree with us (IR 210Z) - Sep 1996: This leaflet summarises the steps involved in disputing an assessment.

Income from a Maori Authority (IR 286A) - Feb 1996: For people who receive income from a Maori authority. Explains which tax return the individual owners or beneficiaries fill in and how to show the income.

Independent Family Tax Credit (FS 3) - Sep 1996: Introducing extra help for families, applying from 1 July 1996.

Inland Revenue audits (IR 297) - Mar 1998: For business people and investors. It explains what is involved if you are audited by Inland Revenue; who is likely to be audited; your rights during and after the audit, and what happens once an audit is completed.

Maori Community Officer Service (IR 286) - Apr 1996: An introduction to Inland Revenue's Maori Community Officers and the services they provide.

New secondary tax codes and extra emolument rates (IR 184R) - May 1998: Explains the new rates and codes available from 1 July 1998.

New Zealand tax residence (IR 292) - Jun 1997: An explanation of who is a New Zealand resident for tax purposes.

Overseas private pensions (IR 258A) - Oct 1996: Explains the tax obligations for people who have interests in a private superannuation scheme or life insurance annuity policy that is outside New Zealand.

Overseas social security pensions (IR 258) - Jun 1997: Explains how to account for income tax in New Zealand if you receive a social security pension from overseas.

Payments and gifts in the Maori community (IR 278) - April 1998: A guide to payments in the Maori community - income tax, PAYE and GST consequences.

Provisional tax (IR 289) - Jun 1998: People whose end-of-year tax bill is \$2,500 or more must generally pay provisional tax for the following year. This booklet explains what provisional tax is, and how and when it must be paid.

Putting your tax affairs right (IR 282) - Jun 1997: Explains the advantages of telling Inland Revenue if your tax affairs are not in order, before we find out in some other way. This book also sets out what will happen if someone knowingly evades tax, and gets caught.

Rental income (IR 264) - Jun 1998: An explanation of taxable income and deductible expenses for people who own rental property. This booklet is for people who own one or two rental properties, rather than larger property investors.

Reordered Tax Acts (IR 299) - Apr 1995: In 1994 the Income Tax Act 1976 and the Inland Revenue Department Act 1974 were restructured, and became the Income Tax Act 1994, the Tax Administration Act 1994 and the Taxation Review Authorities Act 1994. This leaflet explains the structure of the three new Acts.

Self-employed or an employee? (IR 186) - Jun 1997: Sets out Inland Revenue's tests for determining whether a person is a self-employed contractor or an employee. This determines what expenses the person can claim, and whether s/he must pay ACC premiums.

Stamp duty (IR 665) - Jun 1998: Explains what duty is payable on transfers of real estate and some other transactions. Written for individual people rather than solicitors and legal firms.

Student Loans - how to get one and how to pay one back (SL 5) - 1998: We've published this booklet jointly with the Ministry of Education, to tell students everything they need to know about getting a loan and paying it back.

Student loans - interest and calculations (SL 12) - Aug 1998: Explains how interest is calculated on a student loan borrower's account. The information in this pamphlet is drawn from the SL 5 booklet listed above.

Student loans - going overseas (SL 13) - Aug 1998: Explains a student loan borrower's obligations if s/he is going overseas. The information in this pamphlet is drawn from the SL 5 booklet listed above.

Student loans - making repayments to Inland Revenue (SL 14) - Aug 1998: An explanation of repayment methods and responsibilities for student loan borrowers. The information in this pamphlet is drawn from the SL 5 booklet listed above.

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Superannuitants and surcharge (IR 259) - Jun 1997: A guide to the surcharge for national superannuitants who also have other income.

Tax facts for income-tested beneficiaries (IR 40C) - Aug 1997: Vital information for anyone who receives an income-tested benefit and also has some other income.

Taxes and duties (IR 295) - May 1995: A brief introduction to the various taxes and duties payable in New Zealand.

Taxpayer obligations, interest and penalties (IR 240) - Jan 1997: A guide to the new laws dealing with interest, offences and penalties applying from 1 April 1997.

Trusts and estates - (IR 288) - May 1995: An explanation of how estates and different types of trusts are taxed in New Zealand.

Visitor's tax guide - (IR 294) - Nov 1995: A summary of New Zealand's tax laws and an explanation of how they apply to various types of visitors to this country.

Business and employers

ACC premium rates (ACC 450) - Mar 1998: This book provides the rates of employer premium for employers and self-employed. The rates apply to earnings for the year ended 31 March 1998.

Dairy farming (IR 252) - Jul 1998: A guide to GST and PAYE obligations of dairy farmers.

Depreciation (IR 260) - Apr 1994: Explains how to calculate tax deductions for depreciation on assets used to earn assessable income.

Direct selling (IR 261) - Aug 1996: Tax information for people who distribute for direct selling organisations.

Electronic payments to Inland Revenue (IR 87A) - Sep 1997: Explains how employers and other people who make frequent payments to Inland Revenue can have these payments automatically deducted from their bank accounts.

Employer's guide (IR 184) - Feb 1998: Explains the tax obligations of anyone who is employing staff, and explains how to meet these obligations. Anyone who registers as an employer with Inland Revenue will receive a copy of this booklet.

Entertainment expenses (IR 268) - May 1995: When businesses spend money on entertaining clients, they can generally only claim part of this expenditure as a tax deduction. This booklet fully explains the entertainment deduction rules.

First-time employer's guide (IR 185) - April 1996: Explains the tax obligations of being an employer. Written for people who are thinking of taking on staff for the first time.

Fringe benefit tax guide (IR 409) - Jul 1997: Explains fringe benefit tax obligations of anyone who is employing staff, or companies which have shareholder-employees. Anyone who registers as an employer with Inland Revenue will receive a copy of this booklet.

GST - do you need to register? (GST 605) - May 1997: A basic introduction to goods and services tax, which will also tell you if you have to register for GST.

GST guide (GST 600) - Dec 1997: An in-depth guide which covers almost every aspect of GST. Everyone who registers for GST gets a copy of this booklet. It is quite expensive for us to print, so we ask that if you are only considering GST registration, you get the booklet "GST - do you need to register?" instead.

IR 56 taxpayer handbook (IR 56B) - Mar 1998: A booklet for part-time private domestic workers, embassy staff, nannies, overseas company reps and Deep Freeze base workers who make their own PAYE payments.

Making payments (IR 87C) - Nov 1996: How to fill in the various payment forms to make sure payments are processed quickly and accurately.

PAYE deduction tables - 1999
- Weekly and fortnightly (IR 184X)
- Four-weekly and monthly (IR 184Y)

Tables that tell employers the correct amount of PAYE to deduct from their employees' wages from 1 July 1998.

Retiring allowances and redundancy payments (IR 277) - Aug 1997: An explanation of the tax treatment of these types of payments.

Smart Business (IR 120) - May 1998: An introductory guide to tax obligations and record keeping, for businesses and non-profit organisations.

Taxes and the taxi industry (IR 272) - Feb 1996: An explanation of how income tax and GST apply to taxi owners, drivers, and owner-operators.

Resident withholding tax and NRWT

Approved issuer levy (IR 291A) - May 1995: For taxpayers who pay interest to overseas lenders. Explains how you can pay interest to overseas lenders without having to deduct NRWT.

Non-resident withholding tax payer's guide (IR 291) - Mar 1995: A guide for people or institutions who pay interest, dividends or royalties to people who are not resident in New Zealand.

Resident withholding tax on dividends (IR 284) - Feb 1998: A guide for companies, telling them how to deduct RWT from the dividends that they pay to their shareholders.

Resident withholding tax on interest (IR 283) - Jul 1996: A guide to RWT for people and institutions which pay interest.

Resident withholding tax on investments (IR 279) - Jun 1996: An explanation of RWT for people who receive interest or dividends.

Non-profit bodies

Charitable organisations (IR 255) - May 1993: Explains what tax exemptions are available to approved charities and donee organisations, and the criteria which an organisation must meet to get an exemption.

Clubs and societies (IR 254) - Feb 1998: Explains the tax obligations which a club, society or other non-profit group must meet.

Education centres (IR 253) - Jun 1994: Explains the tax obligations of schools and other education centres. Covers everything from kindergartens and kohanga reo to universities and polytechnics.

Gaming machine duty (IR 680A) - Jun 1997: An explanation of the duty which must be paid by groups which operate gaming machines.

Grants and subsidies (IR 249) - Jun 1994: An guide to the tax obligations of groups which receive a subsidy, either to help pay staff wages, or for some other purpose.

Company and international issues

Company amalgamations (IR 4AP) - Feb 1995: Brief guidelines for companies considering amalgamation. Contains an IR 4AM amalgamation declaration form.

Consolidation (IR 4E) - Mar 1993: An explanation of the consolidation regime, which allows a group of companies to be treated as a single entity for tax purposes.

Controlled foreign companies (IR 275) - Nov 1994: Information for NZ residents with interests in overseas companies. (More for larger investors, rather than those with minimal overseas investments)

Foreign dividend withholding payments (IR 274A) - Mar 1995: Information for NZ companies that receive dividends from overseas companies. This booklet also deals with the attributed repatriation and underlying foreign tax credit rules.

Foreign investment funds (IR 275B) - Oct 1994: Information for taxpayers who have overseas investments, but who don't have a controlling interest in the overseas entity.

Imputation (IR 274) - Dec 1997: A guide to dividend imputation for New Zealand companies.

Qualifying companies (IR 4PB) Oct 1992: An explanation of the qualifying company regime, under which a small company with few shareholders can have special tax treatment of dividends, losses and capital gains.

Child support booklets

A guide for parents who pay child support (CS 71A) - May 1998: Information for parents who live apart from their children.

Child support - a guide for custodians (CS 71B) - Nov 1997: Information for parents who take care of children for whom child support is payable.

Child support - a guide for prisoners (CS 288) - Mar 1998: Information for prison inmates who have to pay child support..

Child support administrative reviews - how to apply (CS 69A) - Feb 1998: How to apply for a review of the amount of child support you receive or pay, if you have special circumstances.

Child support administrative reviews - how to respond (CS 69B) - Apr 1998: Information about the administrative review process, and how to respond if you are named in a review application.

Child support and the Family Court (CS 51) - Apr 1998: Explains what steps people need to take if they want to go to the Family Court about their child support .

Child support - estimating your income (CS 107G) - Aug 1997: Explains how to estimate your income so your child support liability reflects your current circumstances.

Child support - how the formula works (CS 68) - Dec 1996: Explains the components of the formula and gives up-to-date rates.

Child support is working for children (CS 80) - Mar 1998: Brief summary of how child support works, plus some statistics on number of child support customers and amount collected/paid.

Problems with our child support service? (CS 287) - Jul 1997: Explains how our Problem Resolution Service can help if our normal services haven't resolved your child support problems.

Depreciation determinations issued since last update of IR 260 Depreciation booklet

This list shows all depreciation determinations we've issued since the last update of our Depreciation booklet (IR 260). It will enable you to check quickly whether you need to review any determinations when calculating depreciation for tax purposes.

Some determinations cover a large number of assets which will concern relatively few taxpayers. For these determinations we've simply listed a cross-reference to the original TIB article rather than reproduce several pages of figures here.

This list is essentially a summary; if you're claiming depreciation on any of these assets we recommend that you refer to the original TIB article to make sure you get the full context of the determination, including the relevant industry categories.

We publish this list in the TIB every March, June, September and December. Updates are available at other times from TIBs on our website at:

<http://www.ird.govt.nz>

Asset	Estimated useful life (years)	DV banded depreciation rate (%)	SL equivalent banded dep'n rate (%)	Determination number	Appears in TIB
Aquariums	4	40	30	DEP22	9.2:1
Automotive tools (<i>various – see TIB article</i>)				DEP30	9.11:2
Bakery utensils (incl. pots and pans)	3	50	40	DEP30	9.11:2
Bedding (Hotels, Motels, etc, and medical/lab)	3	50	40	DEP30	9.11:3,4
Bedding (medical and medical laboratories)	3	50	40	DEP30a	10.3:5
Bin (wool storage, live bottom)	15.5	12	8	DEP11	7.3:20
Bird netting (winegrowers)	5	33	24	DEP42	10.9:6
Books, published annually or more frequently	2	63.5	63.5	DEP32	10.3:3
Books, other	10	18	12.5	DEP32	10.3:3
Bulkheads (insulated, removable)	4	40	30	DEP13	7.10:26
CCH Electronic NZ Essential Tax Package, designed for a specific tax year	1	100	100	PROV4	7.3:19
CCH Electronic NZ Master Tax Guide, designed for a specific tax year	1	100	100	PROV4	7.3:19
Combing machines (wool)	15.5	12	8	DEP11	7.3:20
Comparators (consumer electronics comparative display units)	3	50	40	DEP39	10.8:3
Computer numerically-controlled drilling & routing machine (timber/joinery industry)	8	22	15	DEP33	10.4:40
Computer numerically-controlled tooling machine (timber/joinery industry)	8	22	15	DEP28	9.9:1
Containers (insulated, below 8m ³)	5	33	24	DEP13	7.10:26
Containers (shipping)	20	9.5	6.5	DEP13	7.10:26
Crayfish (baby) – peurulus traps	1	100	100	PROV7	10.7:4
Crown Health Enterprise assets (<i>half a page of various assets - see TIB article</i>)					6.5:7
Dance floor	20	9.5	6.5	DEP30	9.11:3
Delimbers, self-propelled, mobile (timber industry)	8	22	15.5	DEP35	10.6:5
Drilling & routing machine, computer numerically-controlled (timber/joinery industry)	8	22	15	DEP33	10.4:40
Drilling machines (horizontal directional)	6.66	26	18	DEP24	9.3:3
Drilling machine components, underground (horizontal directional)	2	63.5	63.5	DEP24	9.3:3
Electricity revenue and data logging terminals (<i>two rates - see TIB article</i>)				DEP41	10.9:5
Electronic article surveillance systems	5	33	24	DEP26	9.6:3
Engineering tools (<i>various – see TIB article</i>)				DEP30	9.11:2
Fastening guns (explosive)	3	50	40	DEP20	8.10:1
Firearms (Leisure industry category)	10	18	12.5	DEP20	8.10:1
Gas cylinders – LPG (incl. propane and butane)	8	22	15.5	DEP16	8.1:10
Gas cylinders – other	12.5	15	10	DEP16	8.1:10
Gill machines (wool)	20	9.5	6.5	DEP11	7.3:20

Golf ball placing machine and sensor	3	50	40	DEP10	7.3:18
Golf driving ranges, netting (for golf driving nets)	5	33	24	DEP10	7.3:18
Golf driving ranges, poles (for golf driving nets)	20	9.5	6.5	DEP10	7.3:18
Golf mats (stance and base, at golf driving/practice ranges)	2	63.5	63.5	DEP10	7.3:18
Hand soap dispensers	2	63.5	63.5	DEP7	6.7:16
Hi-trim shelter trimmers	10	18	12.5	DEP40	10.9:4
Hydrogen manufacturing unit and hydrocracker catalysts (oil/gas industry) (various rates – see TIB article)				DEP37	10.7:3
Ink mixing systems, computerised	3	50	40	DEP27	9.8:2
“Kiwiplus” – kiwifruit packhouse software	1	100	100	PROV6	9.6:8
Lawnmowers (domestic type in use by lawnmowing contractors)	2	63.5	63.5	DEP15	7.13:22
Lawnmowers (non-domestic type in use by lawnmowing contractors)	5	33	24	DEP15	7.13:22
Machine centre, CNC (timber/joinery industry)	8	22	15	DEP28	9.9:1
Marquees (<i>half a page of various assets – see TIB article</i>)				DEP18	8.6:8
Medical and medical laboratory equipment (<i>3 pages of various assets – see TIB article</i>)				DEP8	6.7:17
Motor vehicles rented for 1 month or less (<i>various rates – see TIB article</i>)				DEP34	10.6:3
Mulch – woven reflective	3	50	40	DEP38	10.7:4
Mulchers (commercial)	4	40	30	DEP25	9.6:6
Newspapers		expense	expense	DEP32	10.3:3
Paintball firearms	2	63.5	63.5	DEP20	8.10:1
Pallet covers (insulated)	2	63.5	63.5	DEP13	7.10:26
Paper towel dispensers	2	63.5	63.5	DEP7	6.7:16
Pistols, Air (Leisure industry category)	10	18	12.5	DEP20	8.10:1
Plant trolleys	5	33	24	DEP23	9.3:2
Psychological testing sets	10	18	12.5	PROV2	6.10:6
Rams (hydraulic or pneumatic)	3	33	24	DEP30	9.11:3
Residential rental property chattels (<i>various – see TIB article</i>)				DEP30	9.11:3
Rifles, Air (Leisure industry category)	10	18	12.5	DEP20	8.10:1
Rifles (less than 10,000 rounds per year)	6.66	26	18	DEP20	8.10:1
Rifles (more than 10,000 rounds per year)	2	63.5	63.5	DEP20	8.10:1
Scaffolding (aluminium)	8	22	15.5	DEP19	8.8:3
Scaffolding (other than aluminium)	15.5	12	8	DEP19	8.8:3
Scientific and laboratory equipment (not medical laboratory equipment) (<i>2 pages of various assets – see TIB article</i>)				DEP8	6.7:17
Shop utensils (incl pots and pans)	3	50	40	DEP30	9.11:3
Shotguns (less than 50,000 rounds per year)	6.66	26	18	DEP20	8.10:1
Shotguns (more than 50,000 rounds per year)	2	63.5	63.5	DEP20	8.10:1
Skidoo	5	33	24	DEP30	9.11:3
Sound recordings (copyright in)	1	100	100	DEP31	10.3:2
Speed humps (metal)	5	33	24	PROV3	6.13:13
Stage	20	9.5	6.5	DEP30	9.11:3
Static delimiters (timber industry)	5	33	24	DEP9	6.11:16
Tags (security)	3	50	40	DEP21	9.1:1
Toilet roll dispensers	2	63.5	63.5	DEP7	6.7:16
Tomato graders	8	22	15.5	DEP14	7.13:23
Tooling machine, CNC (timber/joinery industry)	8	22	15	DEP28	9.9:1
Trailers (class TD – over 10 tonnes) – when rented for periods of one month or less	10	18	12.5	DEP29	9.11:1
Undersea maintenance equipment (<i>1 page of various assets – see TIB article</i>)				DEP17	8.2:9
Wind turbine generators	10	18	12.5	DEP36	10.6:6
Windmills	10	18	12.5	DEP36	10.6:6
Wintering pads (rubber)	6.66	26	18	PROV5	8.2:7
Yachts (international ocean-going)	6	15	10	DEP12	7.10:25
Yachts (other than international ocean-going)	15.5	12	8	DEP12	7.10:25

Due dates reminder

October 1998

- 5 Large employers: PAYE deductions and deduction schedules for period ended 30 September 1998 due.
- 7 Provisional tax and/or Student Loan interim repayments: first 1999 instalment due for taxpayers with June balance dates.
- Second 1999 instalment due for taxpayers with February balance dates.
- Third 1999 instalment due for taxpayers with October balance dates.
- 1998 end of year payments due (income tax, Student Loans, ACC premiums) for taxpayers with November balance dates.
- 1998 income tax returns due to be filed for all non-IR 5 taxpayers with June balance dates.
- QCET payment due for companies with November balance dates, if election is to be effective from the 1999 year.
- 20 Large employers: PAYE deductions and deduction schedules for period ended 15 October 1998 due.
- Small employers: PAYE deductions and deduction schedules for period ended 30 September 1998 due.
- FBT return and payment for quarter ended 30 September 1998 due.
- Gaming machine duty return and payment for month ended 30 September 1998 due.
- RWT on interest deducted during September 1998 due for monthly payers.
- RWT on interest deducted 1 April 1998 to 30 September 1998 due for six-monthly payers.
- RWT on dividends deducted during September 1998 due.
- Non-resident withholding tax (or approved issuer levy) deducted during September 1998 due.
- 30 GST return and payment for period ended 30 September 1998 due.

November 1998

- 5 Large employers: PAYE deductions and deduction schedules for period ended 31 October 1998 due.
- 7 Provisional tax and/or Student Loan interim repayments: first 1999 instalment due for taxpayers with July balance dates.
- Second 1999 instalment due for taxpayers with March balance dates.
- Third 1999 instalment due for taxpayers with November balance dates.
- Annual income tax returns due to be filed for all non-IR 5 taxpayers with July balance dates.
- 1998 end of year payments due (income tax, Student Loans, ACC premiums) for taxpayers with December balance dates.
- QCET payment due for companies with December balance dates, if election is to be effective from the 1999 year.
- (We will accept payments received or posted on Monday 9 November as in time for Saturday 7 November.)*
- 20 Large employers: PAYE deductions and deduction schedules for period ended 15 November 1998 due.
- Small employers: PAYE deductions and deduction schedules for period ended 31 October 1998 due.
- Gaming machine duty return and payment for month ended 31 October 1998 due.
- RWT on interest deducted during October 1998 due for monthly payers.
- RWT on dividends deducted during October 1998 due.
- Non-resident withholding tax (or approved issuer levy) deducted during October 1998 due.
- 30 GST return and payment for period ended 31 October 1998 due.

Public binding rulings and interpretation statements: your chance to comment before we finalise them

This page shows the draft public binding rulings and interpretation statements that we now have available for your review. You can get a copy and give us your comments in three ways:

By post: Tick the drafts you want below, fill in your name and address, and return this page to the address below. We'll send you the drafts by return post. Please send any comments *in writing, to the address below*. We don't have facilities to deal with your comments by phone or at our local offices.

From our main offices: Pick up a copy from the counter at our office in Takapuna, Manukau, Hamilton, Wellington, Christchurch or Dunedin. You'll need to post your comments back to the address below; we don't have facilities to deal with them by phone or at our local offices.

On the Internet: Visit our website at <http://www.ird.govt.nz/rulings/> Under the "Adjudication & Rulings" heading, click on "Draft Rulings", then under the "Consultation Process" heading, click on the drafts that interest you. You can return your comments via the Internet.

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<input checked="" type="checkbox"/> Public binding rulings	Comment Deadline
<input type="checkbox"/> 0009: Debt forgiveness in consideration of natural love and affection	31 October 1998
<input type="checkbox"/> 0022: Leased commercial dwellings – sale as a going concern	31 October 1998
<input type="checkbox"/> 3801: Guarantee fees paid by a New Zealand company to an overseas associated company	31 October 1998
<input checked="" type="checkbox"/> Interpretation statements	Comment Deadline
<input type="checkbox"/> 2539: Lease renewals and extensions – section 29, Stamp and Cheque Duties Act 1971	31 October 1998
<input type="checkbox"/> 3385: Temporary imports such as yachts – zero-rating for Goods and Services Tax	31 October 1998
<input checked="" type="checkbox"/> Issues paper	Comment Deadline
<input type="checkbox"/> 3502: Interest deductibility	30 November 1998

We must receive your comments by the deadline shown if we are to take them into account in the finalised item



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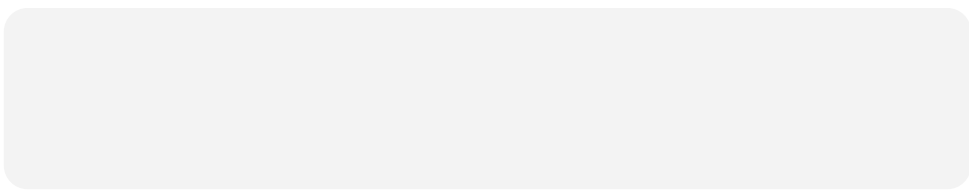
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